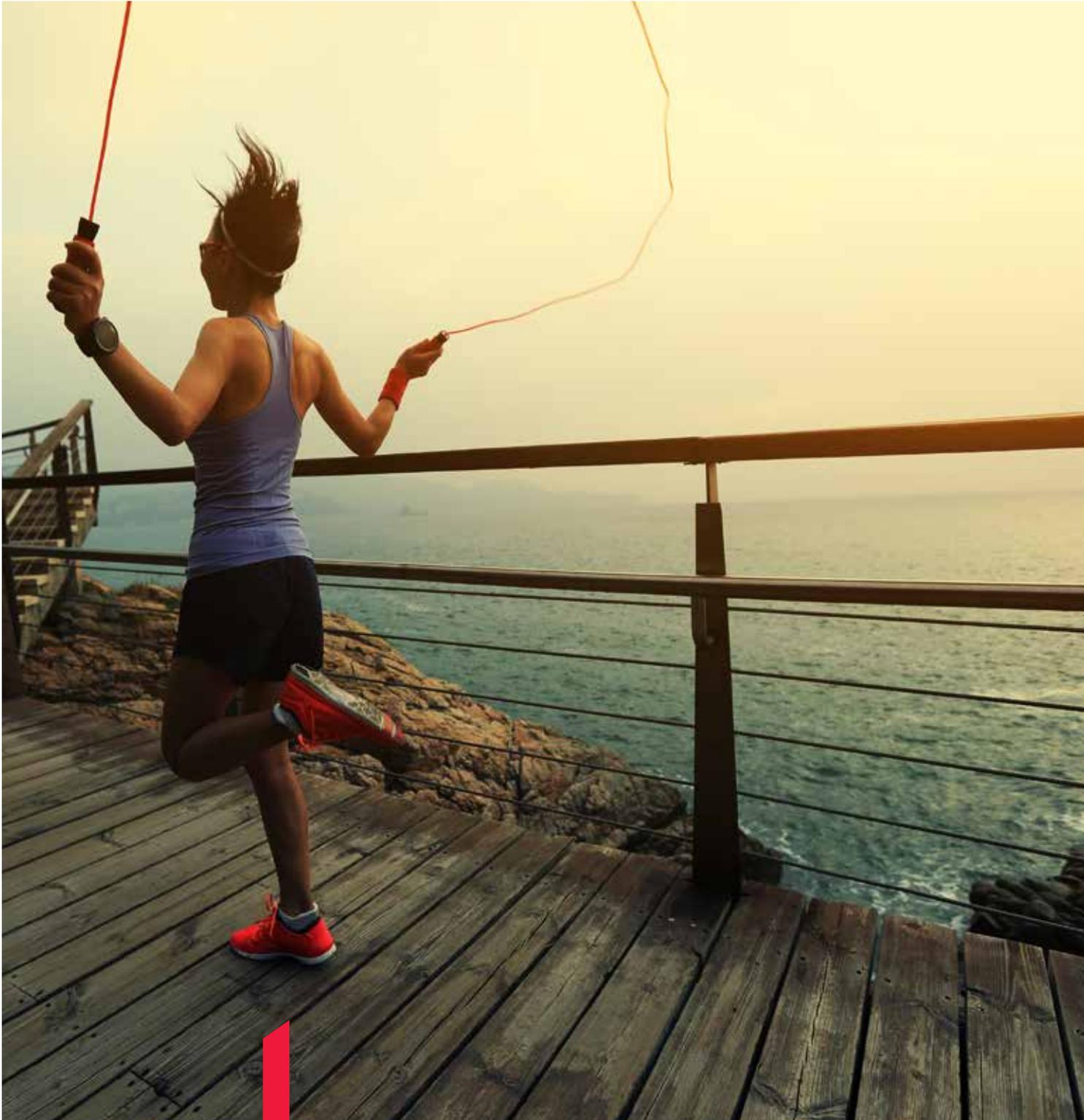


ADVISORY SERVICES

MISSING PIECE TO RISK REDUCTION

Internal Audit



THE BDO DIFFERENCE

AS THE SOUTH AFRICAN MEMBER FIRM OF BDO INTERNATIONAL, WITH OFFICES IN OVER 157 COUNTRIES, WE HAVE BEEN DELIVERING EXCEPTIONAL SERVICE TO OUR CLIENTS SINCE 1963.

BECAUSE OF THEIR SKILLS AND EXPERIENCE, OUR PEOPLE ARE TRUSTED TO DELIVER THE QUALITY OF SERVICE THAT OUR CLIENTS EXPECT. WE OFFER A TAILORED APPROACH TO EVERY CLIENT AND OUR PEOPLE HAVE THE SKILLS AND EXPERIENCE TO TAKE RESPONSIBILITY FOR THE WORK THEY DO. WE ARE AGILE AND QUICK IN RESPONDING TO CLIENT DEMANDS.

OUR APPROACH INVOLVES LISTENING TO OUR CLIENTS, UNDERSTANDING THEIR EXPECTATIONS AND DELIVERING THE CALIBRE OF SERVICE ASSOCIATED WITH A LEADING GLOBAL FINANCIAL SERVICES FIRM.

OUR RISK ADVISORY TEAM

In a world with increased emphasis on corporate responsibility and accountability, internal audit has a higher profile role in all sectors as credible business partners to evaluate how well risks are being managed. Organisations face renewed corporate governance concerns, as well as intense internal and external scrutiny. Many are struggling to keep up with the changing pace of the regulatory environment as well as distinguishing the complex risks they face.

Boards are becoming far more aware of the importance of understanding risk. Unlike external auditors, Internal Audit looks beyond financial risks and statements to the wider issues that help businesses to mitigate the risks to which they are exposed. This means that the strategic value of Internal Audit is greater than it has ever been. A reactive approach to Internal Audit is no longer acceptable as there can be no surprises when it comes to dealing with the risks and opportunities in your business. Internal Audit has always been one of the cornerstones of good governance.

However the financial crisis, greater public scrutiny and increased globalisation, have all increased its profile – aiming the spotlight on assurance quality and emerging risks.

For many organisations, the expectations placed upon Internal Audit have increased with the function being relied upon to make significant contributions to the business. However, having an Internal Audit function may not be mandatory for your sector. Nevertheless, Internal

Audit can play an important role in any organisation's governance processes, especially in the management of risk, by providing assurance over fundamental internal controls.

This helps to detect and prevent fraud, and monitor compliance with company policy and regulation/legislation. Internal Audit is not just for larger organisations. Smaller companies simply cannot afford high profile financial or reputational loss, making Internal Audit even more important.

AREAS WHERE INTERNAL AUDIT CAN ADD VALUE:

- Appraise and advise on corporate governance, risk management, compliance and internal controls frameworks
- Process and control improvement initiatives, including ensuring processes are not over-controlled
- Challenge assumptions over statement of risks, processes and core controls
- New insights from wider experiences of operations
- Help benchmark performance
- Advise on cost reduction without eliminating control
- Educate and train on risk management, operational auditing and integrated assurance
- Project plan appraisals and programme governance evaluation
- Corporate risk assessments and annual risk register refresh
- Assess service organisations and third parties

CHOOSING THE RIGHT MODEL

Internal Audit can adopt many roles in organisations from more traditional, financially focused teams to functions that position themselves as 'trusted advisors'. These teams' remit is to work alongside management to provide, not only independent challenges and assurance but also commercial insights and advice to support business growth. Whilst the latter model is more aligned to good practice, all models can work effectively and can provide value. To help ensure the function does deliver real benefits for the business, it is critical that stakeholders define the type of assurance and support they require from the Internal Audit function.

There are four fundamental questions to answer when confirming your assurance requirements:

- What are our key risks?
- How do we currently receive assurance over these risk areas?
- Where are our gaps in assurance?
- Do we want Internal Audit to provide assurance in these areas?

BDO has an established approach for assessing your assurance needs and avoiding unnecessary work. This is done by considering the assurances that you already receive. Our specialists can help you to evaluate the right model for you. Taking into account your structures and operations, we 'map' your risks and priorities to understand sources of assurance, underlining potential shortfalls and areas of duplication in coverage. Our consultants in Risk and Advisory Services can help you to establish and resource the most suitable assurance model – one that is tailored to your size, sector, risk appetite and the regulatory requirements that apply to your organisation.

This can range from an in-house function to a fully-outsourced service. Establishing a successful Internal Audit function, one that meets the needs of your business and observes the legal and regulatory requirements of your industry, is greatly influenced by the team you choose and their respective skill sets.

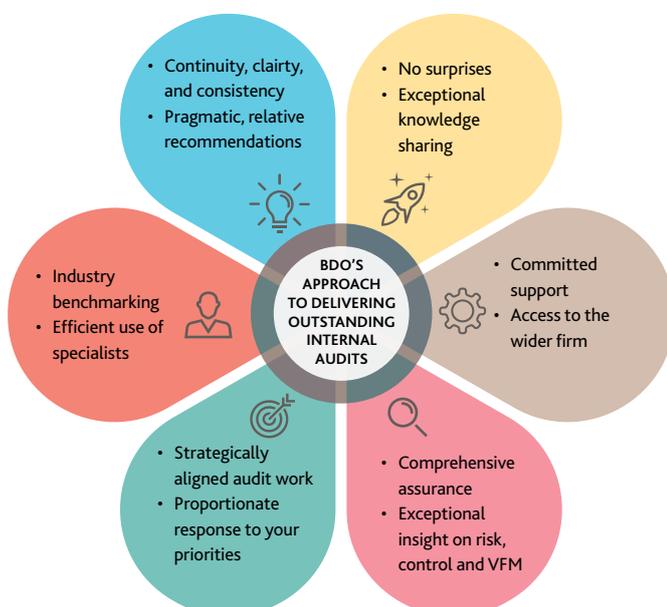
As a strategic partner, BDO would be responsible for providing your organisation with skilled professionals experienced in establishing and working with risk and assurance services across a range of sectors.

OUR RANGE OF SERVICES INCLUDE:

- Outsourced internal audit
- Reviews of existing internal audit functions
- Internal audit start-up assistance
- Supplementing your existing skill set by providing specialist input through a co-sourced service

QUESTIONS TO CONSIDER WHEN ASSESSING THE NEED FOR INTERNAL AUDIT

- Have you experienced any unpleasant surprises from your operations?
- Do you have a comprehensive picture of the effectiveness of your governance, risk and assurance framework?
- Do you know your total cost of control and assurance?
- How effective and resilient is your existing assurance operations?
- Are you confident that you know where your business is exposed?
- How are you handling risks in new markets, outsourced activities or business partnerships?
- How easily and how often have people circumvented controls?
- Are you comfortable that major change projects are being controlled?
- Have cost reduction programmes and structural changes affected the value of your control infrastructure?
- Do you have the right information to run your business and is it accurate?



"Our approach is to work in partnership with you, evaluating what you have in place, providing bespoke solutions and complementary skills. The service we offer will be tailored to you and your current and future needs."



WE TAKE IT PERSONALLY. FOR FURTHER INFORMATION, PLEASE CONTACT US:

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OUR OTHER SERVICES

- Audit and Assurance
- Business Services and Advisory
- Company Secretarial
- Corporate Finance
- Economic Incentives
- Employee Benefits
- Healthcare Consulting
- HR Advisory Services
- Internal Audit and Forensics
- IT Audit and Cyber Security
- Legal Services
- Taxation
- Wealth Advisory



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